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**DEPARTMENT OF COMMERCE**

**International Trade Administration**

**[Docket No.: 161020988-6988-02]**

**RIN: 0625-XC026**

**User Fees for Export and Investment Promotion Services/Events**

**AGENCY: International Trade Administration, Department of Commerce.**

**ACTION: Notice of implementation of user fees.**

**SUMMARY:** The International Trade Administration (ITA) solicited public feedback on its proposal to adjust export and investment promotion user fees in light of an independent cost study which concluded that ITA is not fully covering its costs for providing services under the current fee structure. Federal agencies are directed by Office of Management and Budget (OMB) Circular A-25 to ensure they recoup their costs when providing certain services. ITA provides a wide range of export and investment promotion information and services to U.S. individuals and entities. The services announced here assist U.S. individuals and entities with their exporting needs and help attract foreign direct investment. These services are a subset of ITA activities that involve relatively more intensive time engagements with particular client firms. ITA will continue to provide information and services that are less intensive and/or benefit the general public without charge. In response to public feedback, amendments have been made to the proposed adjusted user fees. As part of this announcement, ITA announces the final user fees schedule and revised standards related to company size for determining the fees to be charged.

**DATES:** The user fees schedule will be effective on October 1, 2017.

**FOR FURTHER INFORMATION CONTACT:** Ms. Aditi Palli, International Trade Administration, Office of Strategic Planning, 1400 Constitution Avenue N.W. Rm. 21022, Washington, DC 20230, Phone: (202) 482-2025.

**SUPPLEMENTARY INFORMATION:**

**Background**

OMB Circular A-25 requires the recovery of an appropriate share of the full cost through user fees for goods and services provided to recipients of benefits beyond those accruing to the general public. Specifically, section 6 of Circular A-25 states that “when a service (or privilege) provides special benefits to an identifiable recipient beyond those that accrue to the general public, a charge will be imposed (to recover the full cost to the Federal Government for providing the special benefit, or the market price).” A “user fee” is the amount paid by a recipient of a special benefit beyond those benefits accruing to the general public. A “special benefit” may accrue and a user fee be imposed when a government service: (a) enables the beneficiary to obtain more immediate or substantial gains or values than those that accrue to the general public; (b) is performed at the request or for the convenience of the recipient, and is beyond the services regularly received by members of the same industry or group or by the general public; or (c) provides business stability or contributes to public confidence in the business activity of the beneficiary. For a summary of the export and investment promotion services pricing determination and business size standards, please refer to Federal Register notice 81 FR 93660.

**Amendments to Original User Fee Proposal in Response to Public Comments**

ITA solicited public comment on the proposed revisions to the user fees during a 30-day period from December 21, 2016 to January 21, 2017. Almost 100 comments were received in response to the proposal. The individual comments can be viewed on the Federal eRulemaking Portal: [www.Regulations.gov](http://www.Regulations.gov). The identification number is ITA-2016-0012. All comments received during this

time were reviewed and considered with respect to the final user fee schedule. A summary of the comments is provided below:

Comments that generally support ITA's export and investment promotion services:

- Government programs and export assistance are important as competitor nations offer similar trade programs and assistance to their domestic companies. ITA provides invaluable assistance to small and medium size enterprises (SMEs), allowing them to access a network of foreign markets, generate export sales, and gain a competitive edge in the international marketplace, which they could not otherwise do on their own.
- The current fees for services are affordable.

*Response:* ITA appreciates the support for its export and investment promotion services and is continuing to offer and enhance the menu of services.

General opposition to price increases based on the following reasons:

- Respondents indicated that fees should not be charged at all for government benefits and services. In the international marketplace, U.S. companies face competition from foreign companies who receive comparable services from their governments for little to no fee. Some expressed that the Government should increase appropriated funds and not charge businesses fees.

*Response:* Federal regulation requires user fees for ITA's export and investment promotion services. Per OMB Circular A-25, fees must be assessed to cover the cost for government services that convey special benefits to recipients beyond those accrued to the general public. Therefore, services provided by ITA beyond general counseling and publically available information are considered to be special benefits and therefore subject to this federal rule.

- Small business opposition to price increases:
  - Small companies already encounter a variety of barriers when exporting.
  - Could discourage small businesses from using investment and promotion services.

*Response:* ITA has minimized the fee increases for small and medium-sized enterprises. ITA has conducted survey research and focus groups in order to set the fees for SMEs based on their level of price sensitivity in order to minimize the impact on their usage of export promotion and investment services. As a result, the percentage increase in fees to be charged SMEs for such services is below the percentage increase in ITA's costs to deliver the service. For example, the cost to deliver a Gold Key Service for large entities increased by 48% since 2007 (\$3,400 versus \$2,300) whereas the fee set for small companies in 2007 is proposed to increase by 36% (\$950 versus \$700).

- Small businesses generally disagree with the increased cost of the International Company Profile (ICP) and Gold Key Service (GKS).

*Response:* ITA has introduced new services to help reduce the costs for SMEs. Many companies utilize the Gold Key Service and other services that involve international travel as a means of exploring the potential of a foreign market. To minimize the expense of traveling for this purpose, ITA's recently launched Initial Market Check service enables a company to explore their market potential without incurring the travel expenses. As a result, companies can minimize their travel expenditures by only pursuing those markets that have significant potential for their products/services. In addition, ITA is introducing a new service called the International Company Profile (ICP) Partial. The ICP Partial allows companies to opt for a less in-depth background check on a foreign company, and is proposed at a fee that is significantly lower than the full ICP. This will enable companies to access less in-depth

information on a potential foreign business partner at a lower cost. The IMC and ICP Partial enable U.S. companies, particularly SMEs, to access market intelligence at a lower cost.

A few respondents support increased fees based on the following reasons:

- The value of the services is worth the cost as it yields successful outcomes.
- Only if the fees are used for promoting trade and specifically supporting staffing and resources.
- Only if the increase in fees improves the quality and timeliness of services.
- Moderate increases are acceptable as the current fees do not reflect inflation over the past several years.
- Moderate increases are acceptable as the current fees are quite reasonable.

*Response:* ITA appreciates the feedback and will continue to provide quality services with reasonable fees.

In response to received feedback and to ensure SME usage of services, the following changes were made to the original proposal:

- Reduced the fee for the Initial Market Check for SMEs (from \$450 to \$350 for small companies and from \$1,000 to \$900 for medium companies) to ensure affordability of pursuing a foreign market. This reduction is in compliance with the annual waiver provided by OMB that allows ITA an exemption from charging SMEs the fully allocated cost in order to ensure accessibility of services.
- Introduced annual renewal fees, lower than the initial fees, for the Business Service Provider and Featured U.S. Exporter services in light of the reduced level of effort required to deliver the service after a company's initial enrollment.

## **User Fee Schedule**

The ITA offers export and investment promotion services to U.S. businesses that consist of Standardized Fee Services and Customized Fee Services. For each of these services, fees are collected according to the User Fee Schedule that is made available on the <http://2016.export.gov/csuserfees/> website and agency publications. The “Standardized Fee Services” listed in the User Fee Schedule are services that are performed in the same general manner by all field units. Other “Customized Services,” not shown in the user fee schedule, entail substantive variation of the scope of work with fees based on the level of effort required and direct costs incurred. As part of its revisions to the user fee schedule, ITA turns more Customized Fee Services into Standardized Fee Services to improve the consistency and clarity of fees to be charged.

ITA is also modifying the user fees for both Standardized Fee Services and Customized Fee Services. The final User Fee Schedule provided below lists each standardized fee service. To determine the large company fee for any service, a flat hourly rate of \$46 for locally employed staff, \$150 for commercial officers and \$80 for U.S.-based staff is multiplied by the estimated workload hours for each employee type. To determine the fees for a small business and medium-sized business, price sensitivity survey results were analyzed to determine the discount to be applied. Direct costs, such as transportation or an interpreter, will be discussed with the client and assessed in addition to the user fee. For Customized Fee Services, the estimated workload hours will vary, but the user fee is calculated based on the weighted average hourly rate of \$90 per hour for large companies, \$70 per hour for medium-sized enterprises, and \$30 per hour for small businesses. The services included in this schedule are described below.

1. Business Service Provider: A listing of U.S. and foreign business service providers that offer export/investment assistance; such as consultants, lawyers, freight forwarders, etc. The fee is paid for by the business service provider to be listed on ITA websites.
2. Certified Trade/Investment Mission: Provides a group of U.S. companies or economic development organizations with a market briefing, networking reception and Gold Key Service (see description below) in-country as part of a mission organized by an economic development organization or CS office/team. The fees for these missions are separate from Department of Commerce Executive-led Missions, which are organized by Industry and Analysis/Trade Promotion Programs.
3. Featured U.S. Exporter: Provides U.S. companies with an opportunity to enhance their international marketing efforts through improved search engine optimization via .gov link-backs to their company's website. The service entails listing their goods/services overseas on a trusted U.S. government website with a brief description and contact information.
4. Gold Key Service: Provides U.S. companies with matchmaking appointments with up to five interested partners in a foreign market. The service includes identification and outreach to potential matching firms, sending client's information to identified matching firms, preparing a profile of interested firms, and providing a report with the profile and contact information for interested firms.
5. Initial Market Check: Provides U.S. firms with a report containing information needed to evaluate the potential of their product or service offering in a specific target market, including a snapshot of the market potential of the product/service; feedback from up to five local contacts on their level of interest in the product/service; and analysis and recommendations for next steps.

6. International Company Profile – Full Report: Provides U.S. companies and economic development organizations with a comprehensive background report on a specific foreign company, including information on company size, sales data, business activities, corporate structure, shareholders and directors, references, financial data creditworthiness and market outlook; site visit and interviews with principals; information sources consulted in preparing the report; and analysis of information collected.
7. International Company Profile – Partial Report: Provides U.S. companies and economic development organizations with a partial background report on a specific foreign company, including information on company size, sales data, business activities, references, corporate structure, and shareholders/directors; information sources consulted in preparing the report; and brief analysis of information collected.
8. International Partner Search: Provides U.S. companies with a list of up to five partners/distributors that have expressed an interest in the client's goods/services. The service includes identification and outreach to potential matching firms, sending client's information to identified matching firms, preparing a profile of interested firms, and providing a report with the profile and contact information for interested firms.
9. International Partner Search + Virtual Introductions: Provides the same as above, but also includes virtual introductions via conference calls with up to five of the contacts identified.
10. Other Customized Services/Events: Includes all other services/events not listed.
11. Single Company or Location Promotion: Provides a U.S. firm or locality with a promotional event (such as a technical seminar, press conference, luncheon, dinner, cocktail reception, etc.) to help increase awareness of their locality or existing/new products/services in a specific market, including organizing the event logistics/venue; conducting a targeted direct

mail or e-mail campaigns; managing the promotional campaign and event-related logistics; providing logistical and promotional support on-site during the event; and providing a post-event de-briefing to discuss next steps.

12. Trade Show Representation: Provides U.S. companies and economic development organizations with the ability to increase their marketing exposure at a trade show when they are unable to attend in-person. The service entails conducting pre-trade show promotions via Internet/ social media/email campaign, representing the client at the trade show, displaying the client's promotional materials at the trade show, conducting outreach to foreign buyers/distributors in attendance at the trade show, and providing contact information for each overseas company that expressed interest in the client's products/ services at the trade show.
13. Verified Contact List: Provides U.S. firms with a basic contact list of up to five to 10 agents, distributors and partners in a foreign market. The information included in the contact list will have been reviewed and verified for accuracy only and no information will be provided on the level of interest in the client's products/services.
14. Webinar: Provides U.S. firms and economic development organizations with export knowledge and/or market intelligence from experts located around the globe via an online webinar. The webinars are archived on export.gov.
15. Website Globalization: provides U.S. companies with services to enhance the strength of their website for attracting foreign partners/business.

### **User Fee Discounts**

The revised user fee schedule eliminates the SME incentive program, which offered an additional discount for first-time users of services. As part of the revised pricing, small businesses, economic development organizations and non-profit education institutions will benefit from an average approximate ~70 percent discount and medium-sized enterprises are provided an average approximate 30 percent discount.

The final user fee schedule for export and investment promotion services are listed below.

## User Fee Schedule for Export Promotion Services

Service/Event	Fee <sup>1</sup>		
	Small <sup>2</sup>	Medium	Large <sup>3</sup>
<b>Business Service Provider</b>	\$150 + \$50 for translation if needed Annual renewal: \$75	\$250 + \$50 for translation if needed Annual renewal: \$125	\$350 + \$50 for translation if needed Annual renewal: \$175
<b>Certified Trade Mission</b> (Market briefing and/or networking reception and/or Gold Key Service - GKS)	Full Package: \$1,200 Networking Reception and GKS: \$1,100 Market Briefing and GKS: \$1,000 Market Briefing and Networking Reception: \$250 + any direct costs	Full Package: \$2,800 Networking Reception and GKS: \$2,700 Market Briefing and GKS: \$2,400 Market Briefing and Networking Reception: \$500 + any direct costs	Full Package: \$4,000 Networking Reception and GKS: \$3,900 Market Briefing and GKS: \$3,500 Market Briefing and Networking Reception: \$600 + any direct costs
<b>Featured U.S. Exporter listing</b> (5 markets)	\$150 + \$50 for translation if needed Annual renewal: \$75	\$350 + \$50 for translation if needed Annual renewal: \$175	\$500 + \$50 for translation if needed Annual renewal: \$250
<b>Gold Key Service</b>	\$950 + \$350 for 2 <sup>nd</sup> day	\$2,300 + \$1,000 for 2 <sup>nd</sup> day	\$3,400 + \$1,200 for 2 <sup>nd</sup> day

<sup>1</sup> Other direct costs not included in the service description must be assumed by the client. Types of other direct costs include translation, transportation, use of contractors, venue rental, catering, etc.

<sup>2</sup> Fees listed also apply to Economic Development Organizations and Non-profit Educational Institutions

<sup>3</sup> Fees listed also apply to Foreign Companies, regardless of their size, that use ITA services, particularly the Business Service Provider listing, to promote themselves to U.S. exporters.

<b>Initial Market Check</b>	\$350	\$900	\$1,300
<b>International Company Profile - Full</b>	\$700	\$1,200	\$2,000
<b>International Company Profile – Partial</b>	\$350	\$850	\$1,100
<b>International Partner Search</b>	\$750	\$1,400	\$2,800
<b>International Partner Search + Virtual Introductions</b>	\$900	\$1,750	\$3,250
<b>Other Customized Services and Events</b>	\$30 per staff hour + any direct costs	\$70 per staff hour + any direct costs	\$90 per staff hour + any direct costs
<b>Single Company Promotion</b>	20 to 40 hours of staff time: \$800  40 to 80 hours of staff time: \$1,500  80 to 110 hours of staff time: \$2,000  + any direct costs	20 to 40 hours of staff time: \$1,800  40 to 80 hours of staff time: \$2,000  80 to 110 hours of staff time: \$4,800  + any direct costs	20 to 40 hours of staff time: \$2,600  40 to 80 hours of staff time: \$4,500  80 to 110 hours of staff time: \$6,300  + any direct costs
<b>Trade Show Representation</b>	\$400	\$950	\$1,350
<b>Verified Contact List</b>	\$150	\$350	\$450
<b>Webinar</b>	\$25 per webinar hour	\$25 per webinar hour	\$25 per webinar hour
<b>Website Globalization</b>	\$100	\$300	\$400

### User Fee Schedule for Investment Promotion Services

Service	Fee for Economic Development Organizations <sup>4</sup>
<b>Certified Investment Mission</b>  (Market briefing, networking reception and Gold Key Service)	Full Package: \$1,200  + any direct costs
<b>Gold Key Service</b>	\$950  + \$350 for 2 <sup>nd</sup> day
<b>International Company Profile - Full</b>	\$700
<b>International Company Profile – Partial</b>	\$350
<b>Other Customized Services/Events</b>	\$30 per staff hour  + any direct costs
<b>Single Location Promotion</b>	20-40 hours of staff time: \$800  40-80 hours of staff time: \$1,500  80-110 hours of staff time: \$2,000  + any direct costs

**Notes:**

- Business Service Provider: Individual category fee. To be listed in more than one category, there is an additional fee per category of \$30 for small businesses, \$50 for medium-sized

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<sup>4</sup> Other direct costs not included in the service description must be covered by the client in the form of additional user fees. Types of other direct costs include translation, transportation, use of contractors, venue rental, catering, etc.

enterprises and \$70 for large companies. The annual renewal fee is \$75 for small businesses, \$125 for medium-sized enterprises and \$175 for large companies.

- **Certified Trade Mission:** The fee is assessed on a per Post/city basis. Applicants will be charged a fee for an Initial Market Check if staff is uncertain about their market potential. The fee paid by the applicant is then applied to their Certified Trade Mission fee if they participate in the mission.
- **Featured U.S. Exporter:** Listings are typically provided for up to 5 markets. However, they an additional individual market can be provided for \$30 for small businesses, \$50 for medium-sized enterprises and \$70 for large companies. The annual renewal fee is \$75 for small businesses, \$175 for medium-sized enterprises and \$250 for large companies.
- **Initial Market Check:** Is a required precursor for more time intensive services if staff is uncertain about a client's market potential. Fees paid for the Initial Market Check will then be applied to any follow-on service if the results are positive. The fee is assessed on a per country basis.
- **International Company Profile – Partial:** does not include a site visit.
- **Webinars** will be archived and made available to the general public, so the requirement to recover ITA's costs does not apply; however, a minimal fee is required to help ensure the suitability of participants and cover the cost of any special benefit that may derive from attending in real-time, such as question and answer opportunities. Uniform pricing is listed because the enforcement of pricing by size standards for each registrant creates an administrative burden. Some webinars will be provided at no charge when the purpose is primarily to promote ITA or other United States Government events, activities, etc.

#### **Determining the Cost of Performing Each Service**

The cost of service methodology developed by ITA was designed to bring the organization closer to full cost recovery guidance set forth in OMB Circular A-25. To set user fees that are “self-sustaining,” ITA had to determine the true cost of providing various export and investment promotion services.

Federal Accounting Standards permit ITA to use an activity-based costing model to determine the true cost of services listed in the proposed User Fee Schedule. The activities were defined in accordance with the list of services offered by ITA, including both standard and customized services.

As part of the cost of service study, ITA conducted a workload survey to obtain a more accurate estimate of the true cost for delivery of specific services. The workload survey was designed and distributed to all ITA international and domestic field units. The data submitted by various field units was then aggregated to determine the global average of workload for each standard or customized service. Using FY2015 ITA budget data, fringe benefits and non-labor related costs (e.g. materials, supplies, rent, utilities, and equipment) were prorated to determine the burdening rate that was to be added to the hourly rate. This resulted in an hourly rate that accounts for all applicable labor and non-labor costs specifically related to the delivery of services, which is consistent with federal accounting standards.

## **Conclusion**

Based on the information provided above, ITA believes its fee schedules are consistent with both the mission to promote “exports of goods and services from the United States, particularly by small businesses and medium-sized businesses,” and the objective of OMB Circular A-25 to “promote efficient allocation of the nation’s resources by establishing charges for special benefits provided to the recipient that are at least as great as the cost to the U.S. Government of providing the special benefits.” Public comments were reviewed, and addressed through amendments to the original proposal and are

reflected in the current fee schedule. ITA will reassess the fee schedule after the first year of implementation and, in accordance with OMB Circular A-25, at least every two years thereafter.

**Dated: June 28, 2017.**

**Stephanie Smedile,**

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